

States Lower Costs with Simplified Fuel Programs



States are using fleet fuel cards to get detailed reports on transactions, to help spot misuse of fueling privileges, and to save time and money with the wide acceptance offered by the cards.

By Daryl Lubinsky

Gerald Calk had specific requirements in mind when the state of South Carolina went out to bid for a new fuel card company a couple of years ago.

Calk, who is state fleet manager for South Carolina, wanted to replace the current card he had with one that was compatible with state fuel sites and commercial fueling sites. He wanted a single vendor for both. He wanted the vendor to own an inventory of fuel in the state's underground storage tanks.

He also wanted the price of the fuel to be connected to the Oil Price Information Service, an independently published price report for wholesale distribution racks.

"We didn't want to be connected to the pump prices because of the wide variation," Calk said. "And drivers don't have to look around for the lowest pump price. The state eventually decided on PS Energy."

"We put out a request for proposal with those conditions. [The fuel card company we selected] provided us with all of those, plus they have the widely accepted MasterCard, and they offered us some proprietary cards that are only accepted at state facilities."

Those weren't the only requirements the state had for its fuel card provider. The state wanted its vendor



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to provide reports with data such as the date, time, and location of all transactions, and it wanted the system to capture a personal identification number (PIN) and odometer reading.

Calk, who said he has some administrative oversight over all of the more than 20,000 vehicles in the state fleet, said the card in use now by the state offers Level III reporting on about 70 to 75 percent of the transactions. Level III reporting includes transaction date, time, location, dollar amount of transaction, quantity, which product was purchased (such as unleaded or supreme), PIN number, and odometer reading.

Calk said the card has the ability to break the invoice down not only by agency, such as the state department of transportation, for example, but also to sublevels within the agencies.

"For the state's budgetary divisions, it makes it convenient for them to pay invoices from separate budgets," Calk said. They can also sort by vehicle, he said, so the agency can break out costs of individual vehicles. PS Energy also has a website where transaction data can be viewed.

Calk and other state agencies say that by switching to their current fuel cards, they have saved money not in actual costs of fuel, but in "soft" costs, such as drivers saving time from not having to travel farther to pumps that accept the card.

Utah Uses Fuel Program for Detailed Data

Every fuel and maintenance card transaction done by a Utah state vehicle is automatically downloaded straight to Steve Saltzgiver's computer. Saltzgiver is the state's director of fleet operations.

More than 500 stations accept the Fuelman/Gascard used by the state for fuel, and other stations accept it for maintenance. The state fleet in-

cludes about 10,000 vehicles. The network also includes 25,000 vehicles from local governments and municipalities that have joined the state's fueling network.

"We can drive state vehicles anywhere in the country, and all the



Steve Saltzgiver, right, Utah's director of fleet operations, said state vehicles can drive anywhere in the country, and the information is downloaded to his computer. Pictured at left is Jeff Done, Utah's fuel dispensing manager.

transactions are downloaded to us," Saltzgiver said.

The state uses the card for fuel and for some preventive maintenance at places like Jiffy Lube or Goodyear. The state sets a \$250 limit on the cards.

He said the various state agencies and others in the network have access to different file reports. The transaction file records date, time, operator of the vehicle, location, gallons, and dollars per gallon. The customer file tells the driver's name and what that driver's limit is on maintenance costs. "It rejects the card if you buy more fuel than the limit, if there is an unauthorized use or user, and if there is a wrong PIN number," Saltzgiver said.

Fuel Cards Help State Deal with Misuse

The state of California has been with its current fuel card provider, Voyager, for a couple of years now. Timothy Bow, who is the state's chief of the office of fleet administration, said the card gives the state flexibility to buy fuel in multiple locations and allows the state to better monitor its purchases.

He also says it saves the state money by helping identify potential

fraud, misuse, and theft.

An example is the use of supreme gasoline, when all of the state's vehicles are supposed to run on unleaded.

"Maybe the use of a higher-grade fuel would be symptomatic of a problem with a vehicle," said Bow, who oversees about 40,000 vehicles and pieces of equipment for the state. "They might be using diesel in a gas engine. With 40,000 pieces of equipment, and 60,000 cards, it does happen. The ability to identify misuse or other problems quicker helps us."

Oregon Uses Fuel Network Throughout State

The state of Oregon uses two fuel cards. One of them is used at all of the major oil stations in the country. But with many underground storage tanks being decommissioned recent-

How States Save with Fuel Card Programs

- Detailed reports identify areas for potential savings.
- Reports help identify theft and misuse.
- Wide acceptance of cards saves drivers the time of having to look for stations that accept their cards.

ly, and with Oregon having a good deal of remote areas, Pacific Pride's network was chosen because its stations are located in some of those remote areas, and because Pacific Pride's price was better than others in the area.

Robert Cameron, deputy administrator for the transportation, purchasing, and print services division for the state of Oregon, said the state has saved money using Pacific Pride, because Pacific Pride stations are located in ideal locations along the Interstate 5 corridor, where other gas stations are often scarce.

Montana Improves Efficiency with Fuel Program

Tom Gustin, fleet card manager for the state of Montana, said it is difficult to quantify how much

money the state has saved since changing fuel card programs in January 1999.

"We saved with efficiencies: simplification and convenience," Gustin said. "Drivers don't have to look for a station that accepts their card."

Before 1993, state drivers used a state of Montana card, but Gustin said the card wasn't universally accepted. "Our goal was to get our agencies out of the tank ownership and dispensing business," Gustin said. "Compliance with Environmental Protection Agency guidelines was costly. There were great redundancies. Three or four state agencies owned tanks, and we were all close to each other. It made sense to pursue a common solution." The state switched to a fuel management company in 1993 and switched to its current provider, Wright Express, in January 1999.

Gustin, who oversees 7,200 vehicles for the state, said he likes the highly detailed fuel reports he now receives. "For example, we can track the actual cost of each vehicle from cradle to grave," he said. All transactions on the card go to a single invoice and database, Gustin said. "We don't have to process invoices from different oil companies," he said. States are given an exemption from federal excise taxes, and Gustin



With Montana's current fuel card program, all transactions on the card go to a single invoice and database. "We don't have to process invoices from different oil companies," said Tom Gustin, fleet card manager.

said a problem in the past was that the tax was not always deducted from the state's bill.

"Now we know applicable taxes will be deducted at the time of purchase," he said. AF